



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 1, 2005

NATURAL GAS MARKET NEWS

Enterprise Products Partners announced today that the second natural gas processing plant at its Toca facility in St. Bernard Parish, Louisiana has returned to service after repairs of damaged caused by Hurricane Katrina were completed. The plant's total natural gas processing capacity of 1.1 Bcf/d is not fully operational. The Toca facility is currently processing approximately 550 MMcf/d of natural gas originating from the Southern Natural Gas and the Tennessee Gas pipelines. Traditionally, the Toca plant has processed natural gas exclusively from the Southern Natural Gas Pipeline system while volumes from the Tennessee Gas Pipeline system were dedicated to the Yscloskey natural gas processing plant. Due to hurricane damage to the Yscloskey plant, the Toca plant is currently processing approximately 100 MMcf/d of natural gas from the Tennessee system. Our current expectations are for volumes at the Toca facility to increase to approximately 750 MMcf/d by the end of 2005 and return to pre-storm levels of approximately 550 MMcf/d once the Yscloskey processing facility is fully operational in 2006.

Generator Problems

MAIN— Dominion Resources' 539 Mw Kewaunee nuclear unit exited an outage and ramped up to 55% of capacity by early today. Yesterday the unit was warming up offline at 8%.

SERC— Duke Energy's 846 Mw Oconee #2 nuclear unit ramped up to 62% of capacity by early today. Yesterday, the unit was operating at 15% yesterday after exiting a refueling outage earlier in week. Oconee #1 and #3 continue to operate at full power.

Canada— Ontario Power Generation's 494 Mw Lambton #2 coal-fired unit restarted early today, but was forced shut by midmorning. The unit shut originally for planned work on October 31.

The NRC reported that U.S. nuclear generating capacity was at 90,855 Mw up .69% from Wednesday and up 4.05% from a year ago.

The EIA reported this afternoon that U.S. domestic natural gas production in September dramatically fell off from August levels by 6.7 bcf/d and stood at just 45.7 bcf/d. Consumption in September was pegged at 47.6 bcf/d some 3.5% less than the same time a year ago. This demand decline was led by the industrial and residential sectors, which posted year on year declines of 17% and 4% respectively. But the commercial and electric generation sectors saw year on year gains of 5.6% and 9.8% respectively. The EIA also reported that at the end of September its monthly storage report showed some 2.932 tcf in storage, just some 3 bcf higher than the weekly storage report showed.

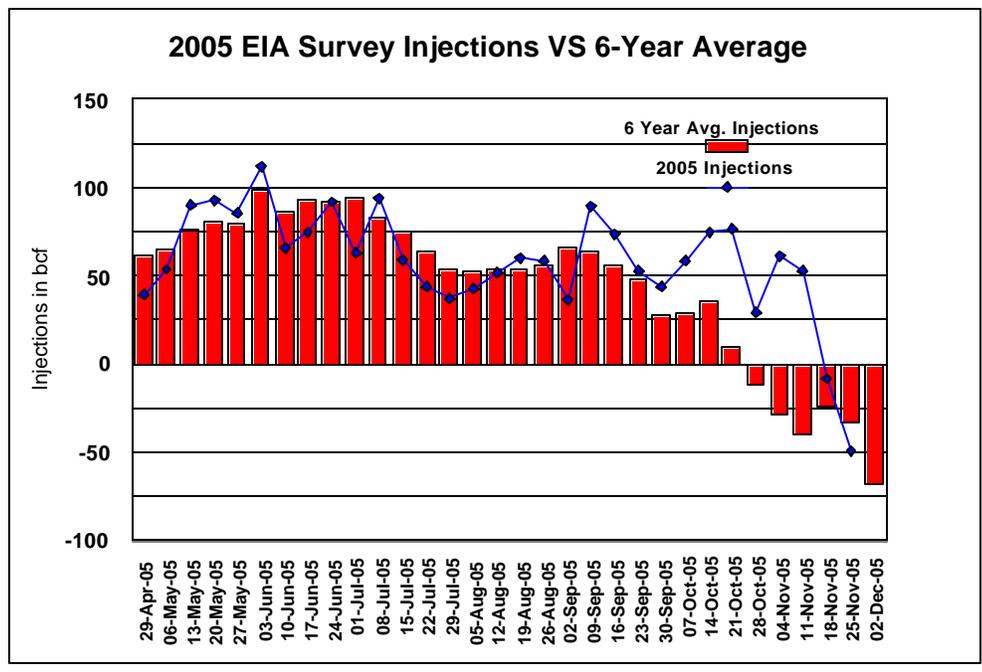
Williams Co. announced yesterday that it is considering the construction of a 750-mile natural gas liquids pipeline from Opal, Wyoming to Conway, Kansas. The Overland Pass pipeline, if constructed, is expected to be complete in late 2007 or early 2008 at a cost of less than \$500 million. Upon completion, all or some portion of the investment in the pipeline would be a potential candidate for acquisition by Williams Partners.

EIA Weekly Report

	11/25/2005	11/18/2005	Net chg	Last Year
Producing Region	890	897	-7	922
Consuming East	1896	1937	-41	1875
Consuming West	439	440	-1	417
Total US	3225	3274	-49	3214

*storage figures in Bcf

Duke Energy Gas Transmission's Texas Eastern Transmission unit will conduct an open season beginning today to gauge market interest in its proposed Lebanon East Expansion project. The project is designed to enhance supply diversity for shippers by connecting emerging Rocky Mountain natural gas supplies to growing markets primarily in the eastern United States. The non-binding open season will run through March 1, 2006, and the project is expected to enter service as early as November 1, 2008.



Bay State Gas customers will be paying more for their gas starting this month, but not as much as the company wants. State Regulators approved a 2.3% increase in rates, saying the 4.2% hike the company requested was too high. The new increase is in addition to a 29% rate hike approved in October by the state Department of Telecommunications and Energy. Bay State Gas serves about 100,000 customers in 16 communities in Western Massachusetts, including Agawam, Chicopee, Northampton, Springfield

and West Springfield. The new rate increase will add \$2.24 to the monthly bill of typical residential customers and will translate to about \$11.1 million in added annual revenue to Bay State. The company says the money will be used for pipeline maintenance and construction.

The Minerals Management Service reported that 2.96 Bcf/d of natural gas production in the Gulf of Mexico is shut-in. That is equivalent to 29.6% of daily natural gas production in the Gulf of Mexico.

PIPELINE RESTRICTIONS

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions on Sarepta to Sterlington 18-inch Index 250; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.

Kern River Pipeline said that line pack is low across its entire system. It requests that all customers to be on rate.

Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted. Tetco has scheduled and sealed the M1 24-inch system to capacity. No increases in receipts between Little Rock and Fagus for delivery outside that area will be accepted. Also, Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts sourced at Monroe will be accepted.

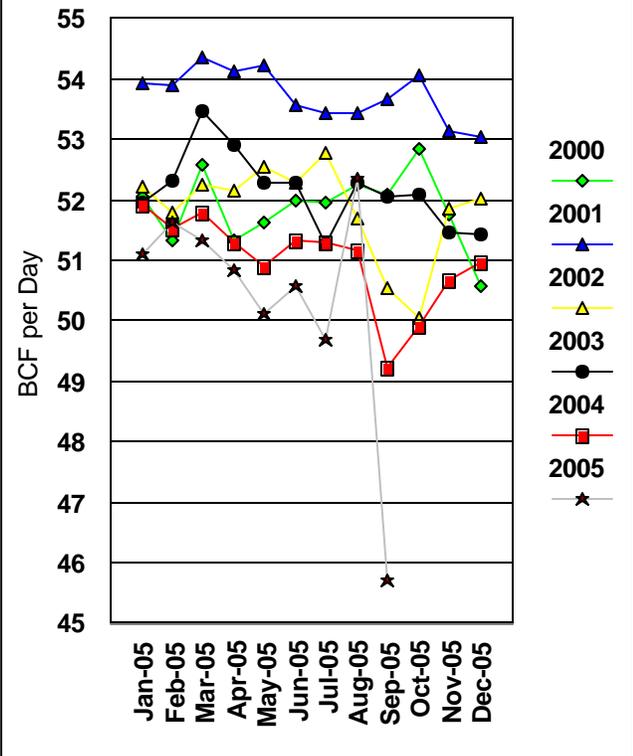
	25-Nov-05	18-Nov-05	26-Nov-04
East	242.9	246.2	247.3
West	244.7	248.1	220.9
Total	487.7	494.3	468.3

storage figures are in Bcf

TransColorado Gas Transmission said that on November 29, a force majeure event occurred at its Redvale Compressor Station in Montrose County, Colorado. The station will be out of service for approximately 10 days.

Effective immediately, the capacity through Segment 230 is limited to 367 MMcf/d, although no impact to primary firm in-path quantities are anticipated at the current nomination level. However, AOR/IT, secondary and/or primary firm quantities may not be fully scheduled pending the resumption of operations at the station.

U.S Natural Gas Production



PIPELINE MAINTENANCE

Gulf South Pipeline said that pigging on Index 266 North Louisiana has been extended through December 4. In addition, this maintenance will continue during the week beginning December 12. Also, Gulf South said it has completed maintenance at the Longview Texas #2 Compressor Station. Repairs began on November 28.

ELECTRIC MARKET NEWS

Embattled power producer Calpine Corp. has asked a Delaware court to give it at least 90 days to repay millions of dollars it spent to buy fuel for its plants, saying anything less could be potentially ruinous. With shares sinking and bonds falling further, an adverse ruling could be the trigger that finally sends the company into bankruptcy.

MARKET COMMENTARY

The natural gas market opened almost 9 cents stronger ahead of the release of the EIA's storage report. The market drifted to a high of 12.80 before the number, continuing the short covering from yesterday. The EIA reported that 49 Bcf of gas was withdrawn from stocks last month, and that was pretty much in line with expectations if not a little bullish. The market corrected to 12.40, a key rally point in yesterday's pop, and then consolidated. Crude oil continued its strength and pattern of late day rallies and then spilled over into the

natural gas market and coupled with the cold snap that has hit the Midwest and is now making its way to the Northeast, the natural gas market continued its short covering rally and broke above the 13.00 level to a high of 13.10, the upper end of this recent 3 week range, before settling up 44 cents at 13.027.

With the data coming in roughly as expected, it has allowed the market to quickly refocus on the current cold snap. After lulling around range lows in sideways action, the market has room to the upside, and with cold temperatures forecast over the next few weeks, we expect prices to continue to climb and break out to the upside to the 14.00 level. Purchasing a call spread above the market would be one strategy to capture this upside move. Initially we see resistance at \$13.15, \$13.38 and \$13.77. We see support at \$12.40, \$12.25 and \$12.00. Further support we see at \$11.67 and \$11.00.

